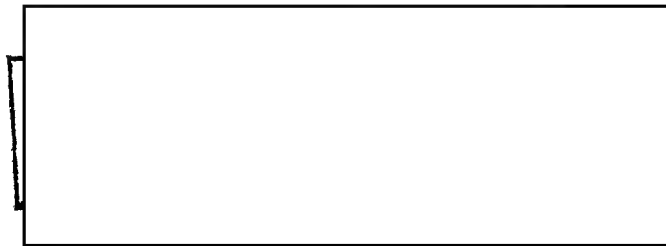


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3 SEP 1964

MEMORANDUM FOR: Deputy Director of Central Intelligence

SUBJECT: Analysis of Senate Committee Print of HR 8427 (2 Sept 64)

1. General: HR 8427 as revised in the Senate Armed Services Committee print dated 2 September 1964 provides for certain employees of the CIA a retirement system essentially the same as the Civil Service retirement system with the following important exceptions:

a. The proposed CIA retirement system permits voluntary retirement at age 50 with 20 years of service, including 5 years of qualifying and 10 years of Agency service, on application of the employee and with the consent of the Director. Under Civil Service, the earliest voluntary retirement is at age 55 with 30 years of service at a reduced annuity.

b. The proposed CIA retirement system permits involuntary retirement at age 50 with 20 years of service or at any age with 25 years of service, including 5 years of qualifying and 10 years of Agency service. There is similar provision in the Civil Service system but the individual's annuity is reduced 15 per cent if retired at age 50.

c. The proposed CIA retirement system provides an annuity based on a straight 2 per cent of the employee's high-5 salary. Under Civil Service, the formula is 1.5 per cent for the first five years, 1.75 per cent for the second five years, and 2 per cent for the remaining years.

2. In terms of the "issues" covered in the notes prepared for your use in meeting with Mr. Draswell, the following are noted in a review of the current Committee print:

a. Involuntary retirement: Provision for involuntary (discontinued service) retirement had been deleted in the earlier Committee print. It has been restored as noted in paragraph 1b above. However, the current Committee print has added a requirement for 20 years of service for involuntary retirement at age 50.

b. Approval of regulations by House and Senate Armed Services Committees: In anticipation of a problem with DOE regarding this provision, we had requested that this requirement be changed from "approved by" to "consultation with." This change has not been adopted.

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c. Disemployment compensation: HR 8427 as passed by the House provided that an annuitant reemployed in the Federal service could retain the salary of his position plus so much of his annuity as when combined with his salary would not exceed his salary rate at time of retirement. This provision was revised in the earlier Committee print to conform to the Civil Service system requiring a full offset of annuity against salary. Our request to restore the original provision has not been adopted.

d. Survivor benefits: HR 8427 had two provisions for survivor benefits to widows which were more liberal than Civil Service. These were (1) the annuity to the widow of a disability retiree would be based on the actual rather than the earned annuity, and (2) the annuity to the widow of an employee who dies in service with less than 20 years of service would be computed as if he had 20 years of service. Restoration of these provisions was not adopted.

e. Separation pay: The original Committee print deleted provisions in HR 8427 for separation pay to individuals involuntarily "retired" without an immediate annuity. Our request to restore this provision was not adopted. (However, you will recall that we have technical authority to make these payments.)

3. The latest Committee print includes a new provision in Section 111(3) defining "qualifying service" to mean: "service performed as a participant in the system (or, in the case of service prior to the enactment of this Act performed in carrying out duty described in section 203)." This will not be a problem to us and in fact it is phrased somewhat more liberally than we had anticipated in applying this term ourselves.

4. Despite the many deletions of features which we deemed desirable, this bill does give us a framework containing the most essential features of a retirement system. We are giving it further study with Personnel and will discuss it in detail with Emmett Echols when he returns on Tuesday.

SIGNED

John E. Warner
Acting General Counsel

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